

#### 10.4.1 Electronic Funds Transfer Option

W-2 agencies are encouraged to provide money management and banking information to W-2 participants and to promote direct deposit of W-2 benefits..

Advantages of direct deposit, or Electronic Funds Transfer (EFT) include:

- Payments are more safe and timely.
- Avoids expensive check cashing fees.
- Many banks and credit unions offer a no-fee, no-minimum-balance checking or savings account with direct deposit accounts.
- Less staff time dealing with phone calls, documentation, completion and mailing of affidavit forms associated with lost, stolen, or destroyed checks.

Some participants may decline the EFT option because they are chronically overdrawn and may owe fees associated with their negative balance. For these participants, money management workshops or classes may be appropriate.

The FEP should discuss various options with the participant, such as opening a limited account with a debit card only option that does not allow expenditures in excess of available funds. Participants with credit problems may still have access to a checking or savings account. Those who have "non-fraudulent" activities reported on their ChexSystems report and have been denied access to a checking account in the past may benefit from participation in a program to repair their standing with banks. Agencies should assist participants in connecting with these community resources.

Some participants may have a prepaid debit card and use this option when electing EFT. Prepaid debit cards may offer advantages such as helping build good credit and providing an option to participants with bad credit. However, some prepaid card vendors may charge excessive fees. Fees are sometimes hidden or hard to find. In addition to the monthly fee, other fees may include: initiation or activation fees, point of sale transaction fees, cash withdrawal fees, balance inquiry fees, customer service fees, bill payment fees, and/or fees to add or "load" funds. If the participant chooses EFT using a prepaid debit card, the FEP must discuss the possible fees with the participant.

**Example 1:** While meeting with her FEP, Destiny asks if she can have her W-2 payments electronically deposited onto her prepaid debit card. Her FEP gives Destiny the *Electronic Funds Transfer* form and asks destiny if she knows about the card's possible monthly fee, customer service fee, inactivity fee, or paper statement fee. Destiny says that she has only had the card for a few weeks and is not sure of all of the fees. Her FEP advises her to call the 800 number on the back of her card to ask about the fees.

**Example 2:** Mercedes tells her FEP that she is planning on getting a prepaid debit card so she can have electronic deposit of her W-2 payments. The FEP advises Mercedes to be aware of fees when choosing a card, including possible monthly fees, customer service fees, inactivity fees, or paper statement fees. The FEP suggests that Mercedes compare a few cards before making her choice.

### **Wage Garnishment**

Some participants have a garnishment order for unpaid debts or child support. Per Wisconsin Statutes Section 49.96, W-2 payments cannot be garnished, however banks must honor garnishment actions ordered by the court. Agencies must provide this information to W-2 participants who choose direct deposit of W-2 benefits. If the bank garnishes the W-2 benefits, the FEP should advise the participant to seek legal assistance to stop the garnishment.